

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

BOARD OF DIRECTORS

WEDNESDAY, JANUARY 21, 2015 AT 2:00 PM

IN THE MARY BRENNAN BOARD ROOM

T. F. GREEN AIRPORT

2000 POST ROAD, WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (Corporation) Board of Directors was called to order by Chair, Jon Savage at 2:06 p.m., in the Mary Brennan Board Room at 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

BOARD MEMBERS PRESENT: Jon Savage; Deborah Thomas; Michael Traficante; John Justo and Brad Dimeo.

BOARD MEMBER ABSENT: Russell Hahn and Paul Carroll

ALSO PRESENT: Kelly J. Fredericks, P.E., A.A.E., President and CEO; and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Traficante and seconded by Ms. Thomas

to approve the minutes of the Board of Director's Meeting of December 17, 2014.

The motion passed unanimously.

2. Open Forum:

Mr. Savage asked if anyone present wanted to speak in Open Forum. No one came forward.

3. Report from President and CEO:

Mr. Fredericks presented the President and CEO Report and reported on the following:

- Mr. Fredericks reported passenger travel was down 7.49% for the month of December and down 6.23% year to date. Seating capacity was down approximately 6%. JetBlue was up 8.56% with no change in seating capacity, US Airways was down 7.7% on 12% less seating capacity and Delta was down 3.46% on 6% less seating capacity. It was noted that Southwest Airlines carried 4.77% less passengers and seating capacity is down 3%. United was down 4.58% on 49% less seating capacity. Mr. Fredericks noted airlines continue to be conservative on seating capacity and pricing.**
- Mr. Fredericks reported air cargo was up 15.1% for the month of December and up 4% year to date. It was noted that historically more**

items were being shipped in than were being shipped out but the trend is balancing out. Mr. Fredericks stated a cargo analysis is being performed and a draft report is scheduled to be completed next month.

- Mr. Fredericks reported parking revenue for the prior month was down 7.3% with ticket sales down 9%. Revenues are down 2.2% year to date and ticket sales are down 6.8% year to date. Mr. Fredericks reported off airport parking was down 6.6% and ticket sales were down 11.3%. Mr. Fredericks stated RIAC's market share for all lots is 83.7%, the second highest in history, and RIAC will continue to promote initiatives to encourage on-airport parking.

- Mr. Fredericks provided an update on the general aviation airports. Operations were down 3.37% with avgas fuel sales up approximately 7.32% and jet fuel was down approximately 14.58%. It was noted reductions were due to the partial closure at Quonset Airport. Mr. Fredericks noted there is significant interest in development at the general aviation airports following the posting of the Airport Property and Leasing Opportunities on the T. F. Green website.

- Mr. Fredericks reported AOPA has decided not to host the 2015 AOPA Fly In Event in the New England Region this year.

- Mr. Fredericks reported the next General Aviation Working Group meeting is scheduled for January 29th. The goal of these meetings

is to establish a common agenda and open communication between general aviation users and RIAC.

- **Mr. Fredericks reported the \$1.4 Million dollar rehabilitation of the office space at Newport Airport has been completed and the tenants have been moved to this new facility. Mr. Fredericks stated an event to showcase RIAC's continuous investment in the general aviation airports is being scheduled.**

- **Mr. Fredericks provided an update on community outreach efforts and noted that RIAC provided an airport update to the Warwick City Council on January 12th. Community outreach meetings to discuss the upcoming Obstruction Removal as part of the Runway Expansion Program were held in two four hour sessions on January 14th. The sessions were well attended and well received.**

- **Mr. Fredericks reported individual meetings will be scheduled with both the Rhode Island House and Senate representatives as well as the City of Warwick Delegation.**

- **Mr. Fredericks noted that a meeting and tour of the airport has been scheduled with the Rhode Island Commerce Corporation Secretary Mr. Stefan Pryor. A meeting and tour is also being scheduled with Mr. Kevin Gallagher, Deputy Chief of Staff for Governor Raimondo.**

- **Mr. Fredericks reported Airport Update Meetings will be scheduled**

in Washington,

DC on an annual basis to provide updates to Rhode Island's Congressional Delegation.

- Mr. Fredericks reported an Opinion Editorial (Op-ed) piece has been drafted as requested by the Providence Journal and will be published next week.**

4. Action Items:

Mr. Savage announced that the Board will be voting on Action Item 4f following the executive session.

Mr. Dimeo recused himself from voting on action items 4a, 4b and 4c on the agenda.

Mr. Dimeo left the Board table.

(a) Consideration of and Action Upon Approval of a Construction Contract Change Order for the Hangar 1 Demolition Project at T. F. Green Airport.

Mr. Fredericks provided an overview of the item noting that due to the demolition of Hangar 1 the remaining wall is not designed to handle wind loads. A small storage building is being constructed that will be rated for the wind loads and allow for sheltered airfield storage. The recommendation is that the Board authorizes the

President and CEO, or his designee, to execute a Construction Contract Change Order with Cardi Corporation in the amount of \$138,462, which is included in the Fiscal Year 2015 CIP budget, to construct a storage building adjacent to a private corporate hangar.

A motion was made by Ms. Thomas and seconded by Mr. Traficante to approve the following resolution:

WHEREAS, during the demolition of Hangar 1, it was discovered that the remaining exposed masonry wall that was part of a private corporate hangar was not designed to handle the new wind loads that would be imposed on it in the absence of Hangar 1; and

WHEREAS, the Rhode Island Airport Corporation (RIAC) evaluated several options to mitigate this wind load and determined that the least costly option is to construct a small storage building adjacent to the private corporate hangar; and

WHEREAS, this building will be rated for the current building code wind loads; and

WHEREAS, the building cost of \$138,462 is included in the Fiscal Year 2015 Capital Improvement Program budget of \$1,615,000; and

WHEREAS, RIAC has an approved grant and Passenger Facility Charge (PFC) application in the amount of \$1,412,975; and

WHEREAS, RIAC will upfront the additional funds required to complete this project from the General Purpose Fund and amend the grant and PFC application to reflect the final project costs.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Construction Contract Change Order with Cardi Corporation in the amount of \$138,462, which is included in the Fiscal Year 2015 CIP budget, to construct a storage building adjacent to a private corporate hangar.

YEAS: Jon Savage

Deborah Thomas

Michael Traficante

John Justo

NAYS: None

ABSTAIN: Bradford Dimeo

(b) Consideration of and Action Upon Approval of a Construction Contract Change Order for Additional Work to Repair Damaged Pavement Areas on Runway 16-34 at Quonset State Airport.

Mr. Fredericks gave an overview of this item noting the repairs to the damaged pavement were unanticipated but have been approved by the FAA. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Construction Change Order with Northern Construction Services, LLC in the amount of \$155,790, which is above the amount included in the Fiscal Year 2015 CIP budget, for repairs to damaged pavement areas on Runway 16-34 at Quonset State Airport.

A motion was made by Mr. Traficante and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, Runway 16-34 was damaged while removing the temporary pavement markings causing a Foreign Object Debris (FOD) hazard; and

WHEREAS, the age and deteriorated condition of the pavement in these areas were the primary reasons for the resulting damage; and

WHEREAS, the Rhode Island Airport Corporation (RIAC) staff has negotiated a Change Order with the contractor in the amount of \$155,790; and

WHEREAS, RIAC will upfront the cost for this project from the General Purpose Fund; and

WHEREAS, RIAC has already received a grant in September 2014 for \$1,727,480; and

WHEREAS, RIAC will be submitting for additional grants in the subsequent fiscal years for the balance of the project cost; and

WHEREAS, RIAC continues to work with Willis (RIAC's Insurance Broker) in an effort to maximize any potential insurance proceeds.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Construction Change Order with Northern Construction Services, LLC in the amount of \$155,790, which is above the amount included in the Fiscal Year 2015 CIP budget, for repairs to damaged pavement areas on Runway 16-34 at Quonset State Airport.

YEAS: Jon Savage

Deborah Thomas

Michael Traficante

John Justo

NAYS: None

ABSTAIN: Bradford Dimeo

(c) Consideration of and Action Upon Approval of a Construction Contract for On-Airport Obstruction Removal Associated with Runway 5-23 at T. F. Green Airport.

Mr. Fredericks gave an overview of this item noting the obstructions are on airport property. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Construction Contract with North Eastern Tree Service in the amount of \$569,208, which is included in the Fiscal Year 2015 CIP budget, for On-Airport Obstruction Removal associated with Runway 5-23 at T. F. Green Airport.

A motion was made by Ms. Thomas and seconded by Mr. Traficante to approve the following resolution:

WHEREAS, a competitive bidding process was undertaken according to the Rhode Island Airport Corporation's (RIAC) procurement rules for On-Airport Obstruction Removal associated with Runway 5-23 at T. F. Green Airport; and

WHEREAS, on December 17, 2014, RIAC issued an Invitation for Bids (IFB) for this project; and

WHEREAS, four bids were received by the bid due date of January 8, 2015; and

WHEREAS, Stantec Consulting Services, Inc. (Stantec), RIAC's Design Consultant for this project, has determined that the bid submitted by North Eastern Tree Service (North Eastern) in the amount of \$569,208 is the lowest responsive bid; and

WHEREAS, RIAC staff agrees with Stantec's determination and recommends award of this Contract to North Eastern; and

WHEREAS, the project is approved in the Fiscal Year 2015 Capital Improvement Program (CIP) budget in the amount of \$2,727,498 as part of the Runway 5-23 expansion project.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Construction Contract with North Eastern Tree Service in the amount of \$569,208, which is included in the Fiscal Year 2015 CIP budget, for On-Airport Obstruction Removal associated with Runway 5-23 at T. F. Green Airport.

YEAS: Jon Savage

Deborah Thomas

Michael Traficante

John Justo

NAYS: None

ABSTAIN: Bradford Dimeo

(d) Consideration of and Action Upon Approval of a Contract to Refurbish the Four Incoming Baggage Carousels at T. F. Green Airport.

Mr. Fredericks gave an overview of the item noting there were two bidders and asked Mr. Schattle to provide additional details. Mr. Schattle stated one bidder was deemed non-responsive as they did not provide information requested in the Request for Proposals. Mr. Schattle reported the bid received by the lowest bidder was higher than planned budget and RIAC staff reviewed the specification and entered into negotiations. The scope of the project was revised and the project, including purchase of certain parts that RIAC was intending to procure separately, was brought in under budget. Mr. Schattle commended the RIAC team. The recommendation is that the Board authorizes the President and CEO, or his designee, to enter into a Contract with Five Star Airport Alliance to refurbish the four (4) incoming baggage carousels, which is included in the Fiscal Year 2015 CIP budget, at T. F. Green Airport in the amount of \$498,000.

A motion was made by Mr. Dimeo and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, the four incoming baggage carousels (carousels) on the

first floor of the terminal were installed between 1994 and 1998; and

WHEREAS, the carousels are currently operational, but require refurbishment in order to extend their useful life for an additional 15 to 20 years; and

WHEREAS, a competitive bidding process was undertaken according to the Rhode Island Airport Corporation's (RIAC) procurement rules for this project; and

WHEREAS, on December 11, 2014, RIAC issued an Invitation for Bids (IFB) for this project and received two bids by the January 6, 2015 deadline; and

WHEREAS, in addition to cost, the IFB required bidders to provide additional information in order for RIAC staff to evaluate the bidders; and

WHEREAS, the lowest bid from Five Star Airport Alliance (Five Star) in the amount of \$533,354 provided the additional information but the second bidder did not provide a response to any of the additional information requested and was determined non-responsive; and

WHEREAS, the approved RIAC Fiscal year 2015 Capital Improvement Program (CIP) budget included \$500,000 for this project; and

WHEREAS, RIAC will fund this project with general purpose funds with potential reimbursement from the upcoming bond issue; and

WHEREAS, in order to reduce the cost to be within the budget, RIAC staff reviewed the specifications, made recommendations for changes and entered into financial negotiations with Five Star; and

WHEREAS, as a result of this effort, RIAC was able to reduce the total cost to \$498,000, including the procurement of certain parts that RIAC was intending to procure separately.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to enter into a Contract with Five Star Airport Alliance to refurbish the four (4) incoming baggage carousels, which is included in the Fiscal Year 2015 CIP budget, at T. F. Green Airport in the amount of \$498,000.

The motion was passed unanimously.

(e) Consideration of and Action Upon Approval to Enter Into a Professional Services Agreement to Provide and Implement a Common/Shared Use Passenger Processing System at T. F. Green Airport.

Mr. Fredericks gave an overview of this item noting there are limited vendors available to provide this equipment and service agreement. The equipment will be installed at the gate and ticket areas and is essential for the start of Condor Airlines service. This equipment can be prepared for additional carriers as needed. It was noted that negotiations continue on this item. The recommendation is that the Board authorizes the President and CEO, or his designee, to enter into a Professional Services Agreement (PSA) with Society International Telecommunications Airlines for the implementation a Common/Shared Use Passenger Processing System in the amount of \$98,367, which is included in the Fiscal Year 2015 Operating Capital budget, and to provide annual support in an amount not to exceed \$58,877 based on the proposed configuration at T. F. Green Airport.

A motion was made by Mr. Traficante and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, on October 30, 2014, the Rhode Island Airport Corporation (RIAC) issued a Request for Proposals (RFP) to provide and implement a Common/Shared Use Passenger Processing System (System) at T. F. Green Airport; and

WHEREAS, on November 10, 2014, RIAC held a pre-proposal conference and site visit at T. F. Green Airport; and

WHEREAS, on December 4, 2014, RIAC received one proposal in

response to this RFP; and

WHEREAS, the investment in this technology will enhance RIAC's marketability to prospective airlines by eliminating a potential barrier of entry for airlines considering starting service at T. F. Green Airport; and

WHEREAS, the System will be configured initially for use by Condor Airlines with the capability to add additional airlines in the future as needed; and

WHEREAS, the Selection Committee comprised of Tim Pimental, Assistant Vice President, Air Service Development; Dave Wilga, Vice President of Technology; Joe DaSilva, Assistant Vice President, Landside Maintenance and Jeffrey Goulart, Assistant Vice President, Finance Administration met to review the proposal and unanimously agreed that it met the criteria stated in the RFP; and

WHEREAS, RIAC staff utilized the services of an independent consultant, Barich, Inc., who has significant experience with these systems to assist in the evaluation of the proposal; and

WHEREAS, Barich, Inc. agreed with the Selection Committee's conclusion; and

WHEREAS, the approved RIAC Fiscal Year 2015 Operating Capital

budget includes \$150,000 for this project funded with general purpose funds; and

WHEREAS, the proposal from SITA for the implementation of this project is \$98,367 with an annual support fee of \$58,877 for license and support services for five years.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to enter into a Professional Services Agreement (PSA) with Society International Telecommunications Airlines for the implementation a Common/Shared Use Passenger Processing System in the amount of \$98,367, which is included in the Fiscal Year 2015 Operating Capital budget, and to provide annual support in an amount not to exceed \$58,877 based on the proposed configuration at T. F. Green Airport.

The motion was passed unanimously.

5. Finance and Audit Committee Report.

Ms. Thomas reported the minutes of the Finance and Audit Committee meeting of June 18, 2014 were approved. Ms. Thomas stated the Finance and Audit Committee reviewed the Committee's responsibilities under the Quasi-Public Corporations Accountability

and Transparency Act. Ms. Thomas reported the Committee met in Executive Session for a discussion related to personnel and no actions were taken.

A motion was made by Mr. Savage pursuant to Rhode Island General Laws Section 42-46-5(a)(2) and (7) and 42-46-6(b) to amend the agenda to add two executive session items for informational purposed only on a topic of a potential collective bargaining issue and the investment of public funds where premature disclosure would be detrimental to the public interest as it applies to health and dental insurance contract negotiations. The motion was seconded by Mr. Traficante. The motion was passed unanimously.

6. Executive Session:

At approximately 2:34 p.m. a motion was made by Mr. Savage and seconded by Ms. Thomas to go into Executive Session for the purpose of discussing the following items:

(a) Motion to Approve the Minutes of the Executive Session held on December 17, 2014 § 42-46-5(a)(1),(2),(5) and (7); and

(b) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Air Service Development and Health and Dental Insurance Contract Negotiations) – R.I.G.L. § 42-46-5(a)(7); and

(c) Discussion Related to Personnel (One Issue Related to Job Performance) - R.I.G.L. § 42-46-5(a)(1); and

(d) Discussion Related to Collective Bargaining – R.I.G.L. § 42-46-5(a)(2); and

(e) Motion to Return to Open Session.

By the following roll call vote the motion was passed unanimously.

YEAS: Jon Savage

Deborah Thomas

Bradford Dimeo

Michael Traficante

John Justo

NAYS: None

ABSTAIN: None

The affected employees whose job performance was discussed in the executive session were given due notice that they could have that discussion held in public session. No one accepted this offer.

At approximately 4:10 p.m., a motion was made by Mr. Traficante and

seconded by Mr. Dimeo to return to Open Session.

The motion passed unanimously.

7. Post Executive Session Actions and Announcements:

(a) Motion to Seal the Minutes of the Executive Session Held on December 17, 2014.

A motion was made by Mr. Savage to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-4 by the following roll call vote.

The motion was passed as follows:

YEAS: Jon Savage

Deborah Thomas

Bradford Dimeo

Michael Traficante

John Justo

NAYS: None

ABSTAIN: None

(b) Report on Actions Taken in Executive Session.

During the Executive Session, a motion was made by Mr. Justo to approve the sealed minutes of the Executive Sessions held on December 17, 2014. The motion was seconded by Mr. Traficante.

The motion was passed as follows:

YEAS: Jon Savage

Deborah Thomas

Bradford Dimeo

Michael Traficante

John Justo

NAYS: None

ABSTAIN: None

(c) Consideration of an Action Upon Health and Dental Insurance Coverages.

Certain information related to this item was discussed in Executive Session. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute an Insurance Contract Renewal with Blue Cross/Blue Shield of Rhode Island for both health and dental insurance coverage effective February 1, 2015.

A motion was made by Mr. Traficante and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) is currently under contract with Blue Cross/Blue Shield of Rhode Island (Blue Cross) to provide health and dental insurance for RIAC's employees and their families; and

WHEREAS, this Contract renews each February 1st, at which time the premiums are adjusted; and

WHEREAS, RIAC, with the assistance of its Health Insurance Consultant, Cornerstone Group (Cornerstone), negotiated a 19.9% premium increase for health coverage and no increase for family or individual dental coverage; and

WHEREAS, the increase in health insurance falls above the 8.4% average Blue Cross annual rate increase for 2015, as approved by Rhode Island Health Insurance Commissioner for large groups (groups with more than 50 employees); and

WHEREAS, RIAC's Fiscal Year 2015 Operating and Maintenance budget of \$2,096,000 assumed a 15% increase effective February 1, 2015; and

WHEREAS, RIAC staff forecasts that year to date savings for health and dental insurance from open positions will offset the estimated \$35,000 impact due to the rate increase.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute an Insurance Contract Renewal with Blue Cross/Blue Shield of Rhode Island for both health and dental insurance coverage effective February 1, 2015.

The motion passed unanimously.

(d) Post Executive Session Action

The Board voted in public session on a matter properly discussed in executive session (Item 6(c)). However, that matter was not additionally posted as an action item on the January Board Agenda. Accordingly, the Corporation has not taken action based on this vote and the matter will be duly posted at on the February Board Agenda and voted anew at said meeting.

8. Future Meetings:

The next Board Meeting will be held on Wednesday, February 18, 2015 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.

9. Adjournment:

Mr. Traficante moved to adjourn at approximately 4:14 p.m. Mr. Dimeo seconded the motion. The motion was passed unanimously.

Respectfully submitted,

Jon Savage, Chair

Rhode Island Airport Corporation

**PUBLIC ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, JANUARY 21, 2015**

NAME	AFFILIATION
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Brian Schattle	RIAC
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Liberty Luciano	RIAC
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Patricia Goldstein	RIAC
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Sherri Ann Penta RIAC

Bruce Wilde RIAC

Paul McDonough RIAC

Leo Messier RIAC

Alan Andrade RIAC

Doug Dansereau RIAC

Timothy Pimental RIAC

Nicole Williams RIAC

Eric Seabury RIAC

Jeff Goulart RIAC

Carla Diggett RIAC

Ahmed Shihadeh RIAC

David Cloutier RIAC

Bob Furey Hoyle Tanner

Robert Geoff New England Parking

Woody Creswell The Paradies Shops

Michele Tucci HMS Host

John Dresser HMS Host

Joel Antolini Seabury Group

Jim Borah Cornerstone Group

Paul Parker Providence Journal

The minutes of the Executive Session of the Board Meeting of January 21, 2015 have been sealed in accordance with R.I.G.L. § 42-46-4.